

Fiscal Note

Fiscal Services Division



House File 525 – Public Employment Relations Bill (LSB 2310HV)
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Fiscal Note Version – New

Description

House File 525 relates to public employee collective bargaining agreements.

The Bill provides that a public employee has the right to declare oneself a “free agent” employee, meaning a public employee that has signed a release declaring that the employee rejects representation by an employee organization and that the employee understands that signing the release waives any claim or right to representation by that organization. The Bill specifies that for the purposes of collective bargaining, a bargaining unit only consists of employees in a particular class of employees that have not declared themselves “free agent” employees.

The Bill removes insurance and procedures for staff reduction from the list of topics that are mandatory subjects of collective bargaining negotiations.

The Bill excludes specified additional subjects from the scope of negotiations for public employee collective bargaining agreements, including:

- Health insurance or any other insurance
- Restrictions or limitations on outsourcing
- Any restriction on the right of a public employer to consider any factor the employer may lawfully consider in a layoff

The Bill specifies the arbitrator may consider additional information presented by either party.

The Bill strikes the requirement that an arbitrator consider past collective bargaining contracts between the parties including the bargaining that led up to such contracts.

The Bill strikes the requirement that an arbitrator consider the power of the public employer to levy taxes and appropriate funds for the conduct of its operations as factors when rendering a final decision.

The Bill adds benefits to the list of items the arbitrator is to consider by comparison to other types of employment.

In addition to other public employment, the Bill requires the arbitrator to compare the specified factors to public employees not represented by an employee organization, and private sector employment. The Bill requires an arbitrator making the comparison to strive to maintain parity in wages, benefits, hours, and conditions of employment between the public sector and the private sector for comparable types of work. The arbitrator is required to give consideration to similar and equitable economic conditions where applicable.

The Bill requires an arbitrator to consider the ability of the public employer to finance economic adjustments without raising any tax.

The Bill also requires an arbitrator to consider the efficiency of the public employer in its ability to carry out any of its functions.

The Bill provides that the final decision of an arbitrator for a public employee collective bargaining agreement is not limited to each party's final offer for each impasse item, however, that the final decision must not go beyond the terms of either party's final offer for each impasse item.

The Bill applies to collective bargaining agreements entered into on or after the effective date of the Bill.

Assumptions

- The decision to be a "free agent" could be changed at any time.
- The arbitrator will consider benefits when making a ruling.
- Reliable and unbiased data pertaining to wages and benefits is not currently available to make comparisons between public employment with public employees not represented by an employee organization, and private sector employment.

Fiscal Impact

The fiscal impact of House File 525 cannot be determined for the following reasons:

- The number of employees that would elect to be a "free agent" and the number of times a year the employee would make a different decision is unknown.
- It is not known what amount if any the employer would require the employee to contribute towards insurance, if any, and it is unknown if the employer would offer insurance. It is also unknown how the arbitrator would rule when the arbitrator makes comparisons. The arbitrator will be required to make comparisons on specified factors, including benefits. A change in benefits would be a factor the arbitrator uses when making a ruling.
- While it is possible that the changes to the employer's ability to use outsourcing and layoffs will provide a cost savings for the employer, the exact impact is not known since it is not known how the employer will utilize this change.
- Without reliable and unbiased data pertaining to wages and benefits it is not possible to estimate the impact of comparing public employment to public employees not represented by an employee organization, and private sector employment.
- The arbitrator is no longer required to do the following, however, the arbitrator is still permitted to do the following:
 - Consider the past contracts and the power of the public employer to levy taxes and appropriate funds when presented the information by the parties or as another relevant factor.
 - Fashion a compromise rather than having to select one party's final offer. It is not known how the parties will adjust their final offers compared to what they do under current law. Therefore, it is possible for this change to lead to lower or higher awards by the arbitrator. Since it is not known how the parties will change their negotiations, it is not possible to know if this change will increase or decrease the number of arbitrations and the impact this change will have on administrative costs.

Sources

Iowa Public Employment Relations Board
Board of Regents

Department of Administrative Services
Iowa Insurance Division
United States Department of Labor
Iowa Department of Transportation

/s/ Holly M. Lyons

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The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#) and the correctional and minority impact statements were prepared pursuant to [Section 2.56](#), Code of Iowa. Data used in developing this fiscal note, including correctional and minority impact information, is available from the Fiscal Services Division of the Legislative Services Agency upon request.
